Sustainable Governance Indicators

2015 Japan Report
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Executive Summary

After years of short-lived cabinets (2007 to 2012), the 2012 lower house parliamentary elections led to a stable coalition of the Liberal Democratic Party (LDP) and Komeito (NK). The coalition under Prime Minister Shinzo Abe has also benefited from a majority in the second chamber since the 2013 upper house elections, giving it a strong basis to pursue its ambitious economic and foreign affairs agenda. A snap election for the lower house in December 2014 confirmed the governing coalition, which continues to hold a two-thirds majority in the first chamber.

During its first year in office, the government began implementing some of its major policy proposals, particularly in the field of economic policy. It initiated a major stimulus program ("three arrows"), which included aggressive monetary easing and additional deficit-spending, pursued in conjunction with the Bank of Japan. The short-term effects were positive, including a rising stock market valuation and growing corporate profits, associated with a weakened yen and an end to deflation. The longer term perspectives, however, remain mixed. This unprecedented policy gamble ("Abenomics") entails enormous risks, including the prospect of uncontrollable inflation and bond prices as well as rising import prices that result in a further deterioration in conditions for the poor. Moreover, the policy will only succeed if it is followed by serious structural reforms. While the first revitalization program of mid-2013 was met with considerable skepticism, the revision of mid-2014 is seen somewhat more positively, but significant reforms in key areas like the labor market and agriculture remain to be tackled. In addition, the government saw through a value-added tax increase in April 2014 despite negative short-term effects, a courageous attempt to start fighting the ballooning public debt. It is remarkable that, at least in terms of macroeconomic policy, the Japanese government opted for boldness rather than pursuing the usual path of tinkering with existing policies.

With respect to the second major policy priority, constitutional reform, movement has been slower. In July 2014, amidst considerable resistance against constitutional change, the government opted for a reinterpretation of the constitution to allow for collective self-defense (i.e. providing support to partner countries; in particular the United States) if Japan itself is threatened.
After this reinterpretation of the constitution aimed at making Japan a more “normal country” in terms of security policy, public support for the government dropped below 50% for the first time. In the wake of disappointing economic performance during 2014, backbenchers and special interest groups within the ruling coalition, in combination with disaffected interest groups, have become more vocal. It remains to be seen whether the new electoral mandate obtained in late 2014 will lead to a more energetic pushback of such vested interests in the name of reform. The desired free trade agreements with the EU, scheduled for conclusion in late 2015, and across the Pacific (TPP) provide litmus tests for the government’s earnestness to pursue meaningful reforms.

With respect to the quality of democracy in Japan, it is noteworthy that the courts and the major media remain of only limited effectiveness in terms of providing checks on the government. That said, higher courts have become somewhat more restless. In 2013, for instance, the Supreme Court, while refraining from invalidating the election, declared the 2012 general election unconstitutional because of the imbalanced weighting of votes across regions. Additionally, following the catastrophes of 3/11, social media and civil society organizations have become more relevant, although effects seem limited to a few issues (such as slowing down the recommissioning of nuclear power plants). In the wake of a new law governing state secrets and attempts to sideline progressive voices in the established media, concerns about press freedom have risen. Moreover, the legislature effectively lacks the ability to properly oversee and launch initiatives vis-à-vis the government. The “supermajority” of the governing coalition in the lower house severely impedes opportunities for the opposition to provide an effective check-and-balance function within parliament.

Like the previous Democratic Party of Japan (DPJ) led governments (2009 – 2012), the LDP-led government has sought to steer from the center, for instance, by strengthening the Cabinet and central governing bodies (including a newly established National Security Council). Such attempts at institutional reorganization and innovation seem to have been more successful than under the DPJ, for instance, by avoiding antagonizing the bureaucracy. However, tensions between cabinet-level and line ministries and their constituencies became visible even during the first months of the new government and had an effect on the delaying third-arrow reforms in several sectors. During 2014, opposition from within the ruling parties also became more noticeable, pointing to a continuity of long-established path dependencies within the Japanese political system.
Key Challenges

During the postwar period, Japan developed into one of the strongest economies in the world. As a result, Japan has achieved a high standard of living and safe living conditions for almost 130 million people. Despite major problems such as a rapidly aging population and an inequitable integration of women and immigrants into its workforce, it has remained one of the leading economies in the world. In this sense, referring to the period since the 1990s as “lost decades” in fact undervalues the achievements of Japan’s political and economic system in sustaining a competitive, safe and vibrant nation.

Notably, however, the disposable incomes of working households have risen little in recent years. Recently, a lower yen and higher import prices have further increased the pressure. In addition, a new precariat has emerged. With the rising incidence of part-time and contract work, one-sixth of Japan’s population, including one-fifth of pensioners, lives in relative poverty in a country that was once hailed as the epitome of equitable growth.

Japanese governments – of whatever party composition – have been torn between seeking to give the economy new momentum and consolidating the country’s battered public finances. The LDP-led government, which took office in December 2012, has reoriented macroeconomic policy in a bold but extremely risky fashion (“Abenomics”), attempting to double the monetary base and engaging in another round of expansionary fiscal policy, despite a gross public debt of well over 200% of GDP.

The government is aware that its short-term expansionary measures must be followed by serious structural reforms (the “third arrow” of reforms). Major work in this regard still needs to be done, including a sweeping reduction of agricultural protections (which is also a prerequisite for major new trade agreements), a more liberal labor-market regime (in part to make layoffs easier), an effective support of well-educated women (which despite new measures still seems to lack the firm support of the establishment), a much more liberal immigration policy, and social policy reform that better focus on combating hardships. Time will soon run out on achieving true progress, as disappointed investors turn their backs on the current government.

In the field of foreign and security policy, it will be very tricky for the LDP to balance its interest in constitutional reform with the possibly negative effects on (regional) foreign relations and limited popular support.
The comfortable majorities of the ruling coalition in both chambers of parliament provides the current government with both an opportunity and a challenge. It gives the government the necessary leverage in parliament to push through reforms, but also strengthens the position of vested interests that oppose any disruption of the comfortable status quo. It will be important for the central cabinet-level leadership to stay firm with respect to the so-called “third arrow” of the policy package initiated in early 2013 – namely, reforms. In this respect, it is important to seek and strengthen alliances with interest groups supporting the reform movement. This may include Japan’s globally oriented business sector, which has little interest in seeing its home market further weakened, as well as heavyweight executive actors such as the Ministry of Finance, which has always supported prudent fiscal and economic policies. Leadership from the top will be needed to overcome reform opposition even within the cabinet. It is risky to follow these two major priorities, economic and constitutional reform, at the same time as the political capital may not suffice for both. Without a return to a strong economy, constitutional change will not create a more firmly positioned Japanese state. Thus, economic reform should take precedence.

It would be extremely helpful if the courts and media, including social media and civil society movements, strengthened their underdeveloped monitoring and oversight functions. To date, the parliament has not provided effective checks and balances with respect to the government. Raising the quantity of support staff provided to parliamentarians to develop alternative legislative initiatives could help to ameliorate this situation.

One alternative way out of Japan’s conundrum could be to abandon the search for overarching country-level solutions and instead allow for policy experiments at various levels. Fiscal decentralization, the provision of greater autonomy to the regions, has been on the agenda for a long time and should be pursued further. Separately, the introduction of new Special Economic Zones (tokki) in 2014 is a welcome step, but this strategy should be bolder and more encompassing.
Policy Performance

I. Economic Policies

Economy

The LDP-led government, which took office in December 2012, embarked on a so-called “three arrows” strategy, consisting of aggressive monetary easing, a highly ambitious deficit-financed spending program (despite record levels of public debt), and a program of structural reforms. In the short term, the first two arrows led to a surge of optimism in the economy, although their unorthodoxy entails grave hazards that would have been deemed irresponsible even a year before. According to The World Bank, Japan’s economy grew 1.6% in 2013. A strong devaluation of the yen in response to the monetary easing played a considerable role. Corporate profits and share prices also rose significantly. Another positive sign was that deflation was overcome, for the time being.

Much less transpired with respect to the promised structural reforms (the “third arrow”) – such as adjusting the labor market or insolvency procedures, strengthening the role of women in the labor market, or concluding a Trans-Pacific Partnership (TPP) agreement with the United States and other countries, which in turn requires liberalizing Japan’s agricultural market.

While the government led by Shinzo Abe announced various structural reform measures in 2013 and 2014, many observers remain underwhelmed (for an influential critique, see Katz 2014). With an increase of the value-added tax (VAT) in April 2014 and a return of (low) inflation, household incomes have suffered, especially as base wages kept declining. Consequently, consumption has remained flat, with a stronger than expected negative reaction to the VAT hike. Private investment has also not taken off, hampered by a less than expected reaction of the export markets to the devaluation. Moreover, amidst high profits, retained earnings continued to rise, reaching about 60% of GDP at the end of 2013.
In late October 2014, in the face of an again weakening economy which began in the second quarter of 2014 (and which would led to a veritable recession later in the year), the Bank of Japan announced a further strong monetary stimulus, including raising its target for annual asset purchases - mainly government bonds - to ¥80 trillion (about $700) from the previous target range of ¥60 trillion to ¥70 trillion. Opinions on the policy are extremely divided; the policy board deciding by a vote of only 5:4. Some observers see it as a “desperate move”, with the BOJ printing ever more money to effectively finance fiscal deficits. A much more sustainable solution consists of implementing thorough reform measures, which more and more observers consider unlikely under an Abe-led government.

Citation:
Japan Times, Wealth gap widening under Abe, 23.11.2014, p. 2

Labor Markets

In recent years, Japan’s unemployment rate remained below 6% (although this figure would likely be somewhat higher if measured in the same manner as in other advanced economies). While unemployment rates for those under 30 years of age, especially among 20-to-24-year-olds, continue to be above average and have indeed risen since the late 2000s, the incidence of unemployment among 60-to-64-year-olds has declined significantly since the early 2000s – in large part due to government support schemes – and is now close to average.

However, as in many other countries, the Japanese labor market has witnessed a significant deterioration in the quality of jobs. Retiring well-paid baby boomers have, more often than not, been replaced by part-timers, contractors and other lower-wage workers. The incidence of non-regular employment has risen strongly; while only one-fifth of jobs were non-regular in the mid-1980s, this ratio had risen to one-third by 2010. A major concern is that young people have difficulty finding permanent employment positions, and are not covered by employment insurance. Moreover, because of the nonpermanent nature of such jobs, they lack appropriate training to advance into higher-quality jobs in the future. Most economists argue that the conditions for paying and dismissing regular employees have to be liberalized to diminish the gap between both types of employment.
Unemployment insurance payments are available only for short periods. In combination with the social stigma of unemployment, this has kept registered unemployment rates low. There is a mandatory minimum-wage regulation in Japan, with rates depending on region and industry. The minimum wage is low enough that it has not seriously affected employment opportunities, although some evidence shows it may be beginning to affect employment rates among low-paid groups such as middle-aged low-skilled female workers.

The LDP-led government has promised sweeping reforms. The most recent measures announced in June 2014 have, however, again disappointed the business world. In particular, there was no progress on easing the rules for layoffs and making them more transparent. With respect to overtime, the government pledged to end compulsory overtime allowances only for those earning more than $100,000 per year, effectively only some 4% of workers. The effect on easing the strain for businesses seems quite insignificant, yet the Ministry of Labor seeks to prevent bolder liberalization.

**Citation:**


**Taxes**

Generally speaking, Japan has a modern and reasonably fair tax system that in the past allowed its corporate sector to thrive.

In terms of competitiveness, the 35% corporate tax rate is clearly too high in international comparison. According to reform plans announced in June 2014, the government wants to cut the top marginal rate to less than 30% over several years, beginning in FY 2015. While the measure may lead to a significant boost in growth, sceptics within the Ministry of Finance point to the certain negative short-term effect on the budget deficit.

Japan has one of the lowest overall tax-revenue levels among OECD nations. Moreover, two decades of sluggish economic growth and continuous fiscal-support programs have produced a situation in which the yearly tax income falls significantly short of national expenses. For instance, government bonds accounted for 46% of national government revenue in 2013. In addition, only around 30% of Japanese firms pay corporate tax, with the rest exempted due to poor performance. Raising the remarkably low consumption tax has been seen as one key to addressing this problem. The government indeed raised the
consumption tax rate from 5% to 8% in April 2014, and plans to raise it further to 10% in April 2017. Yet even if this step is indeed taken, the increase appears to be too small to counter the country’s revenue shortfall.

The country’s tax system achieves a reasonable amount of redistribution. However, compared to self-employed professionals, farmers and small businessmen, salaried employees can take advantage of far fewer tax deductions.

**Budgets**

Public indebtedness in Japan amounts to 240% of GDP - or 135% on a net basis - the highest such level among developed economies. The budget deficit remains high, around 6.9% for the 2013 and 2014 fiscal years. The OECD has urged the government to address the deficit problem more seriously. According to the Medium-Term Fiscal Plan of August 2013, the government intends to halve its primary balance deficit to 3.3% by FY 2015 and to move into surplus by 2020. Achievement of the 2015 target seems very doubtful. Similarly, as argued by the IMF in mid-2014, without further reform Japan will be unable to reach primary balance by 2020 (which would not bring down its debt-to-GDP ratio anyway).

From a short-term perspective, nominal interest rates remain low (rarely higher than 1.5%). A major factor producing these rates is the fact that more than 90% of public debt is held by Japanese, mainly institutional, investors. The government and institutional investors obviously have no interest in lower bond prices, and this oligopoly of players can sustain the current price level of Japanese government bonds. However, should national savings fall short of domestic needs, a foreseeable condition as a result of the aging of Japanese society, new government deficits may not be able to be absorbed domestically. As a result, government bond prices may fall and interest rates may rise at a fast pace, which would create extremely serious problems for the Japanese government budget and the country’s financial sector.

The country’s aggressive monetary-easing policy, beginning in early 2013, may have partially been intended to monetize the public debt, drawing on inflation to lower its real value. However, any such inflationary shock could easily become uncontrorollable. Though the economy has overcome mild deflation, due to sluggish demand it seems questionable that the central bank will be able to accomplish its inflation goal of 2% in 2015.

Citation:
Cabinet (Japan), Basic Framework for Fiscal Consolidation: Medium-term Fiscal Plan, 08.08.2013
Research and Innovation

In the second half of the 20th century, Japan developed into one of the world’s leading nations in terms of research and development (R&D). Even during the past two so-called “lost decades,” science, technology and innovation (STI) received considerable attention and government funding. Current policies are based on the Fourth Science and Technology Basic Plan (2011 – 2016). The emphasis has shifted away from a supply-side orientation fostering specific technologies such as nanomaterials to a demand-pull approach cognizant of current economic and social challenges. The reconstruction of the Northeast and the need to catalyze green technologies are among the major goals mentioned in this context. On top of this, in the summer of 2013 the LDP-led government introduced a “Comprehensive Science, Technology and Innovation Strategy” strengthening various themes: energy, ageing, infrastructure, regions and revitalization after the 2011 disaster. Various measures were selected in 2014 under diverse programs, including Action Plans for S&T Prioritized Measures, a cross-ministerial program and a program on disruptive technologies (ImPACT).

The need to internationalize Japanese R&D constitutes an important challenge. While many attempts at this have already been made, a home bias is still evident. The Fourth Plan recognizes this problem, and makes the case for an East Asia Science and Innovation Area. However, it will be difficult to reconcile the country’s various national strategic interests in the region.

In institutional terms, since 2001 the basic policy has been overseen by the Council for Science and Technology Policy (CSTP). This body is headed by the prime minister, signaling the high status of STI questions. In earlier years, the council lacked concrete powers and clout. The LDP-led government has changed that, with the CSTP installed as a think-tank above the ministries and with budgetary power and increased personnel. Program directors are appointed for the various measures. While the recent, somewhat bewildering, variety of measures makes this move plausible, it remains to be seen whether adding an additional bureaucratic layer above ministries will really increase efficiency.

Citation:
Global Financial System

Japan played a largely positive role in responding to the global financial crisis of 2008/09. For instance, apart from domestic stimulus measures, it provided a large loan to the IMF and also played an active role at the regional level, as for instance with its involvement in the Chiang Mai Initiative Multilateralization. Japan has engaged in multilateral discussions on improving the global financial architecture, but has not been particularly proactive or effective in this regard. The strong devaluation of the yen starting in 2013, in the wake of aggressive monetary expansion, showed little consideration for competing economies.

The country has reacted to earlier criticism on the issue of international money laundering. Tighter rules have been in place since 2013. For example, electronic transfers of more than JPY 100,000 (around €730 as of October 2014) now receive closer inspection than was previously the case.

Domestically, Japan has various mechanisms in place designed to protect vulnerable groups from the full effects of a financial crisis. The principal mechanism is the Deposit Insurance Corporation of Japan. Since 2005, the deposit-insurance program has covered up to JPY 10 million (about €73,000 in October 2014 prices) plus accrued interest per depositor per financial institution. Moreover, the corporation has instruments applicable to bank-failure resolution, the purchase of non-performing loans and assets, and capital injection. In the interest of financial stability, an orderly resolution mechanism for failing financial institutions was specified by an April 2014 amendment to the Deposit Insurance Act.

New insolvency legislation has made exit from overburdening debt easier. However, the government and established players within the financial system, as well as owners, often prefer to keep ailing companies afloat, meaning that it is difficult to remove terminally ailing companies from the corporate system. Further insolvency reform was not mentioned in the “third arrow” revitalization strategy, neither in its 2013 form nor in its 2014 revised form.

Citation: Solis, Mireiya, Globalism Ascendant, Regionalism Stagnant: Japan’s Response to the Global Financial Crisis, in: The Hague Journal of Diplomacy 6 (1-2), 2011, pp. 37-61

Cabinet (Japan), Japan Revitalization Strategy. Revised in 2014, 24.06.2014
II. Social Policies

Education

Education has always been considered one of Japan’s particular strengths. Nonetheless, the Japanese education system faces a number of challenges. One of these is to deliver adequate quality and, particularly under the new LDP-led coalition, renewed emphasis has been placed on reaching the top international tier as well as improving the use of English. In late 2013, the Ministry of Education (MEXT) announced an English Education Reform Plan for 2014 - 2020. English-language education shall be started from an earlier age and teacher training improved. It is too early to evaluate the results of this plan. In the area of tertiary education, the 2001 administrative reform transformed the national universities into independent agencies, but this change has not created a sufficient reform impetus to improve quality within the system. The number of students going abroad for study has been shrinking for a number of years; Japan is almost singular in this respect among advanced nations.

Another issue is the problem of growing income inequality at a time of economic stagnation. Many citizens, considering the quality of the public school system to be lacking, send their children to expensive cram schools; given economic hardship, poor households may have to give up educational opportunities, future income and social status.

In terms of efficiency, the ubiquity of private cram schools is evidence that the ordinary education system is failing to deliver desired results given the funds used. The general willingness to spend money for educational purposes reduces the pressure to economize and seek efficiencies.

Social Inclusion

Japan, once a model of social inclusion, has developed considerable problems with respect to income inequality and poverty during the course of the past decade. Gender equality also remains a serious issue.

The LDP-led government, in power since late 2012, has opted to focus its attention on its growth agenda (the “third arrow” of its major policy initiative). Social inclusion measures that fit this agenda still play a role (for example, increasing childcare options for working mothers). The emphasis in the 2014 reform agenda is therefore on reinforcing “human resources capabilities” and
“reforming the employment system” to offer more chances and tap the potential of disadvantaged groups such as women, younger people and untrained workers. It is too early to tell whether this approach will be successful in overcoming social inclusion deficits.

Health

Japan has a universal health care system. It also has one of the world’s highest life expectancies – 80 years for men and almost 87 for women (at birth). Infant mortality rates are among the world’s lowest (2.1 deaths per 1,000 live births). However, a prevailing shortage of doctors represents one serious remaining bottleneck. The number of doctors per capita is some 40% lower than in Germany or France. However, judging on the basis of fundamental indicators, Japan’s health care system, in combination with traditionally healthy eating and behavioral habits, delivers good quality.

Nonetheless, the health care system faces a number of challenges. These include the needs to implement cost containment, enhance quality and address imbalances. Some progress with respect to cost containment has been made in recent years, but the LDP-led government seems determined to postpone adjustments for electoral reasons. In January 2013, the Supreme Court ruled against a ban on online sales of certain over-the-counter drugs. Despite Prime Minister Abe’s stated intention of making, by means of deregulation, health care an area of strategic growth, the Ministry of Health, Labor and Welfare has dragged its feet on liberalizing the market (even after a lifting of restrictions on online non-prescription drug sales in mid-2013). A further easing of controls on medications was introduced in 2014, but considerable regulations remain in place.

Although spending levels are relatively low in international comparison, Japan’s population has reasonable health care access due to the comprehensive National Health Care Insurance program.

Families

A major focus of family policy in Japan in recent years has been the attempt to improve women’s ability to balance work and family life. According to OECD statistics, Japan has the group’s second-highest gender gap in terms of median incomes earned by full-time employees. Japanese government figures show that only slightly more than 6% of women working in the private sector have made it to the level of section manager or beyond. Although several policy measures aimed at addressing these issues have been implemented since the 1990s, many challenges remain.
The new LDP-led government aims to give strong support to the role of women in the labor force and to childcare providers in order to improve the conditions of working mothers. In April 2014, benefit payments paid during childcare were raised from 50% to 67% of the previous wage. Based on the Revitalization Strategy (“third arrow” reforms), further measures were introduced, some of them in FY 2014. Questions remain, however, whether further family-related measures - in the interest of an improved role for women in the economy - will receive strong political support, as major enterprises do not seem particularly interested and there is opposition within the LDP’s own party centered on traditional views of the role of family and women.

Citation:

Pensions

Given the rapid aging of the population, Japan’s pension system faces critical challenges. The last major overhaul was based on 2004 legislation and became effective in 2006. Under its provisions, future pension disbursements will rise less than inflation, payments (after an intermediate period) will commence at age 65 instead of age 60, contributions will top out at 18.3% of income, and a payout ratio of 50% is promised. However, the program’s assumed relationship between future payment levels, contributions and the starting age for receiving benefits is based on optimistic macroeconomic forecasts. After the global financial crisis, these assumptions seem increasingly unrealistic, and further reforms are needed. According to the mid-2014 estimates of the Ministry of Health, Labor and Welfare (arguably based on somewhat optimistic assumptions), the payout ratio will drop to 50.6% in 2043 and stay around that level.

The LDP-led government that assumed office in late 2012 has focused on reforms improving industrial competitiveness. In its 2014 Revitalization Program, it proposed to shift the asset portfolio of the Government Pension Investment Fund somewhat away from bonds (and from Japanese Government Bonds (JGBs) in particular) towards other assets like stocks. Some legal prerequisites for organizational changes are still lacking. While the government reasons this will allow for increased profitability and hopes for a positive effect on the stock market, many observers are concerned about the higher risks involved. However, whether the current emphasis on JGBs is indeed so much less risky may also be questioned.
Japan has a higher-than-average old-age poverty rate, although the previous pension reform contributed to reducing this gap. Intergenerational equity is considered to be an understudied topic among Japanese reformers, although it is recognized that declining birth rates will create new problems for the 2004 reform.

Citation:
The Japan Times, Public pension reforms, Editorial, 06.06.2014,
http://www.japantimes.co.jp/opinion/2014/06/06/editorials/public-pension-reforms/#.VFJTlhY-etE

Integration

In spite of its aging and shrinking population (which peaked in 2008 at around 128 million and is now close to 127 million), Japan still maintains a very restrictive immigration policy. One of the few recent exceptions are bilateral economic-partnership pacts that, since 2008, have allowed Filipino and Indonesian nurses and caregivers to enter Japan on a temporary basis.

The LDP-led government has enacted some relaxing of restrictions to attract highly-skilled foreign professionals based on its Revitalization Program, among them an amendment to the Immigration Control and Refugee Recognition Act, which allows for an indefinite period of stay for such professionals. Nevertheless, the Japanese government is still reluctant to embrace immigration. The nationalistic viewpoints held by many LDP lawmakers pose particular challenges in this regard.

Given Japan’s restrictive approach to immigration, there is little integration policy as such. Local governments and NGOs offer language courses and other assistance to foreign residents, but such support remains often rudimentary, especially outside the metropolitan centers. The Supreme Court ruled in July 2014 that permanent foreign residents are ineligible for public welfare support.

Safe Living

Japan enjoys a very low crime rate, although it is unclear just how much the effectiveness of internal security policies contributes to this. Other social and economic factors are also at work. For major crimes such as homicide or hard-drug abuse, Japan’s good reputation is well deserved. Terrorism also poses no major threat today. With respect to lesser offenses, however, particularly in the case of burglaries and robberies, Japan now occupies only a middle rank
among OECD countries. Another issue is the existence of organized gangs (so-called yakuza), which have never been eradicated, although incidents in which these groups molest ordinary citizens seem rather rare.

The total number of reported crimes has decreased in recent years and data for 2013 seems to confirm this trend; the percentage of solved crimes has somewhat increased. This positive image was somewhat tarnished in mid-2014 by newspaper reports showing that, over the span of five years, the Osaka police had concealed more than 80,000 cases from reporting.

Citation: Asahi Shimbun, To improve Osaka’s reputation, police conceal 81,000 crimes, 31.07.2014, http://ajw.asahi.com/article/behind_news/social_affairs/AJ201407310054

Global Inequalities

Compared to the OECD average, Japan has typically underperformed in terms of official development assistance (ODA). In 2013, however, Japan increased its disbursements by 11.1% in USD terms while OECD Development Aid Committee members raised their contributions on average by only 6.2%. The quality of the aid provided has also improved in recent years and assistance has been better aligned with Japan’s broader external security concerns.

A recent regular WTO review found only a few changes in the country’s international trade policy framework since 2011. In particular, tariffs for agricultural products remain high, as are those for other light industry products such as footwear or headgear, in which developing economies might otherwise enjoy competitive advantages. On the non-tariff side, questions about the appropriateness of many food-safety and animal- and plant-health measures (sanitary and phytosanitary measures) remain.

Japan’s reluctance to move decisively on such issues, largely because of domestic vested interests, has contributed to the slow development of the Doha round of WTO negotiations. Moreover, the country’s various attempts at bi- and multilateral free-trade agreements have been compromised by such reluctance.

Japan has worked toward fulfillment of the Millennium Development Goals (MDGs). It claims to have been the leading ODA provider in the water, environment, health and education sectors over the last 10 years. With respect to the post-2015 development agenda, Japan launched a Strategy on Global Health Diplomacy in mid-2013, encompassing, for example, a relaxation of its yen loan conditions for health-related projects.
III. Environmental Policies

Environment

Japan was a global leader in terms of antipollution policy and energy conservation in the 1970s and 1980s, partially due to technological progress and the forceful implementation of relevant policy programs, and partially due to the overseas relocation of polluting industries. More recently, Japan has been faced with the major concern of how to improve its domestic energy mix.

The triple 3/11 disaster led to some policy rethinking with respect to nuclear energy, particularly under the DPJ-led cabinets (until 2012). In the new (fourth) Strategic Energy Plan of April 2014, the LDP-led government has, however, reiterated that nuclear power will remain an important power source for a considerable time. This policy though remains unpopular. As of late 2014, all 48 nuclear reactors remained offline for security reasons. Given the government’s intent to reduce the vastly grown energy-import bill and likely local approval in at least some areas, a few reactors are expected to come online again in 2015. The government also intends to increase the share of renewable energy use, from some 10% in 2012 to 20% in 2030, which does not seem overly ambitious.

Japan has made great progress in terms of waste-water management in recent decades, following a series of disastrous incidents in the 1960s and 1970s. Today the country has one of the world’s best tap-water systems, for example. Usage of water for energy production is limited for geographical reasons.

The country has a proactive forestry policy, and in 2011 passed both the Fundamental Plan of Forest and Forestry and a National Forest Plan. The devastation caused by 3/11 in northeastern Japan has led to further emphasis on forest-support measures.
Japan’s biodiversity is not particularly rich compared with other advanced countries. However, the country has in recent years taken a proactive stance under its National Biodiversity Strategy, and has also supported other countries in achieving the Aichi Biodiversity Targets.

Citation:


The Economist, Nuclear power in Japan: Critical mass, 03.11.2014

Global Environmental Protection

International climate policy for a long time considerably profited from Japanese commitment to the process. The Kyoto Protocol of 1997 is perhaps the most visible evidence of this fact. After Kyoto, however, Japan assumed a much more passive role. For instance, it had no reduction obligation for the second part of the Kyoto Round. It went into the Conference of Parties (COP 18) negotiation round in Doha in November 2012 with the intention of postponing agreement until 2015, thus delaying commitments and raising the prospect of further dissonances between advanced and less-advanced economies. It did not intend to go beyond its earlier commitment of a 25% reduction by 2020 as compared to the 1990 baseline. Thus, Japan is de facto assuming a low profile in this important field of global environmental protection.

The Fukushima disaster in 2011, after which Japan had to substitute its GHG-free nuclear power generation, made the earlier 2009 pledge to decrease GHG emissions by a quarter by 2020 (based on the 1990 benchmark) implausible. In the context of the COP 19 meeting in Warsaw in November 2013, the government announced new targets that actually imply a 3% rise by 2020 compared to 1990, which disappointed and even shocked many observers.

With respect to multilaterally organized protection of nature, Japan is particularly known for its resistance to giving up whaling. This is a high-profile, emotional issue, though perhaps not the most important one worldwide. Notably, Japan supports many international schemes to protect the environment by contributing funds and by making advanced technologies available.
Quality of Democracy

Electoral Processes

Japan has a fair and open election system with transparent conditions for the registration of candidates. The registration process is efficiently administered. Candidates have to pay a deposit of JPY 3 million (about €21,800 as of October 2014), which is returned if the candidate receives at least one-tenth of the valid votes cast in his or her electoral district. The deposit is meant to deter candidatures that are not serious, but in effect presents a hurdle for independent candidates. The minimum age for candidates is 25 for the lower house and 30 for the upper house. There have been no relevant changes in recent years.

Access to the media for electioneering purposes is regulated by the Public Offices Election Law, and basically ensures a well-defined rule set for all candidates. In recent years, the law has been strongly criticized for being overly restrictive, for instance by preventing broader use of the Internet and other advanced electronic-data services. In April 2013, a revision of the Public Offices Election Law was enacted, based on bipartisan support from the governing and opposition parties; the new version allows the use of online networking sites such as Twitter in electoral campaigning, as well as more liberal use of banner advertisements. The new law was applied in national and local elections beginning with the 2013 upper-house elections. Regulations are in place to prevent abuses such as the use of a false identity to engage in political speech online.

Citation:
Nikkei.com: Diet OKs Bill To Allow Online Election Campaign, 19 April 2013

The Japanese constitution grants universal adult suffrage to all Japanese citizens. No general problems with discrimination or the exercise of this right exist. Since 2006, Japanese citizens living abroad have also been able to participate in elections.
One long-standing and controversial issue concerns the relative size of electoral districts. Rural districts still contain far fewer voters than more heavily populated urban areas. In 2013, the Supreme Court ruled that the 2012 general election - with a maximum gap of 2.43:1 in the value of votes - took place in a state of unconstitutionality. However, the court did not invalidate the election. In 2013, a minor reapportionment of seats, first applied to the 2014 lower-house elections, reduced the gap to less than 2:1. This ratio is considered at the margin of acceptability. Vote disparities are even more pronounced in the case of the upper house where they reached a high of 4.77:1 at the time of the 2013 elections. In November 2013, the Supreme Court declared this “outrageous” disparity unconstitutional but also refrained from nullifying the 2013 elections.

Citation:
The Japan Times, Lower House electoral reform, Editorial, 28.09.2014,

Tomohiro Osaki, Top court assails vote disparity, Japan Times, 27.11.2014, p.1

While infringements of the law governing political-party financing have been common in Japan, the magnitude of this type of scandal has somewhat declined in recent years, although a number of cases have come up again since the LDP took power in late 2012. To some extent, the problems underlying political funding in Japan are structural. The multi-member constituency system that existed until 1993 meant that candidates from parties filing more than one candidate per electoral district found it difficult to distinguish themselves on the basis of party profiles and programs alone. They thus tried to elicit support by building individual and organizational links with local voters and constituent groups, which was often a costly undertaking. Over time, these candidate-centered vote-mobilizing machines (koenkai) became a deeply entrenched fixture of party politics in Japan. Even under the present electoral system, many politicians still find such machines useful. The personal networking involved in building local support offers considerable opportunity for illicit financial and other transactions. While the Political Funds Control Law requires parties and individual politicians to disclose revenues and expenditures, financial statements are not very detailed.

During the period under review, a number of new issues arose. An LDP-parliamentarian, Takeshi Tokuda, resigned in 2014 and was later banned from running in elections for five years after it was discovered that employees of a major hospital chain had received illegal awards for campaign support. Former Tokyo Governor Naoki Inose stepped down in 2013 for failing to report election funds received from the same company. In October 2014, METI minister Yuko Obuchi, daughter of a former prime minister, was forced to step
down after less than two months in office after she was found to have contravened campaign regulations by distributing personalized fans before the 2012 lower-house elections.

Politically binding popular decision-making does not exist in Japan, at least in a strict sense. At the local and prefectural levels, referenda are regulated by the Local Autonomy Law, and can be called by the demands of 2% of the voting population. However, the local or prefectural assembly can refuse such a request for a referendum, and if the referendum does take place, the local or prefectural government is not bound by it.

At the national level, a so-called National Referendum Law took effect in 2010. This was initiated by the LDP-led government with the aim of establishing a process for amending the constitution. According to the new law, any constitutional change has to be initiated by a significant number of parliamentarians (100 lower-house members or 50 upper-house members) and has to be approved by a two-thirds vote in both chambers. Only then are voters given the opportunity to vote on the proposal.

In June 2014, a law was passed that changes the minimum legal age for voting in referenda from 20 to 18 years. The LDP sees this as a step to deepen the discussion on constitutional reform. As it will only go into effect four years later, there were no immediate effects.

Despite this legal environment, nonbinding referenda have played an increasingly important role in Japan’s political life in recent years, particularly with respect to the debate over nuclear energy.

Citation:

Access to Information

Japanese media are largely free to report the news without significant official interference. While the courts have ruled on a few cases dealing with perceived censorship, there is no formal government mechanism infringing on the independence of the media. The NHK, as the major public broadcasting service, has for a long time enjoyed substantial freedom. Since 2013, however, the Abe-led government has followed a more heavy-handed approach, highlighted by a number of controversial appointments of right-wing personalities to senior positions. In early 2014, NHK’s new director-general made it clear that he would seek to follow the government’s viewpoint.
In practice, many media actors are hesitant to take a strong stance against the government or to expose political scandals. Membership in government-associated journalist clubs has offered exclusive contacts. Fearful of losing this advantage, established media members have frequently avoided adversarial positions as a result.

Northeastern Japan’s triple catastrophe of 11 March 2011 casts a spotlight on such informal linkages. The government was extremely slow to release information, particularly in the case of radiation leakages. Major newspapers and broadcasters rarely asked critical questions and agreed to follow the government’s information policy. Independent journalists and media as well as the foreign press provided some balance, but had limited ability to expand the scope of their coverage. As a result, Japan dropped a dramatic 22 places to 53rd place in Reporters Without Borders’ 2013 World Press Freedom Index - and dropped further to 59th place in 2014.

During the summer of 2014, The Asahi Shimbun, a major liberal newspaper that tends to be critical of the current government, had to retract an influential article related to Japan’s wartime behavior in Korea and elsewhere because of sourcing errors. Increasingly influential, archconservative politicians, who deny that forced prostitution took place during the war, have used the slip to sideline dissenting views with the ultimate aim of whitewashing Japan’s wartime record in the name of fostering patriotism.

There has also been concern about the State Secrets Act which came into force in December 2014. The new law allows Japanese courts to hand down sentences of up to ten years in jail against people having been found guilty of leaking state secrets. Journalists and others instigating the leakage of relevant information now face jail sentences of up to five years. What constitutes “state secrets” is very much to the discretion of the government agencies in question. Critics see the new law as an assault on press freedom.

Citation:

Japan has an oligopolistic media structure, with five conglomerates controlling the leading national newspapers and the major TV networks. These include Asahi, Fuji Sankei, Mainichi, Yomiuri, and the Nihon Keizai Group. Another major force is NHK, the quasi-national broadcasting service, which has
enjoyed close connections with LDP-led governments despite formal freedom from interference. It has rarely criticized the status quo to any significant degree. Its new director-general explicitly stated in his first press conference that he intends to follow the government’s viewpoint. The main media groups also tend to avoid anything beyond a mildly critical coverage of issues, although a variety of stances from left-center (Asahi) to conservative-nationalistic (Sankei) can be observed. Asahi’s reputation was damaged in 2014 by a scandal concerning sourcing errors in earlier reporting on wartime forced prostitution (the so-called “comfort women issue”). The scandal played into the hands of archconservative elements inside the government, which have become more mainstream since Prime Minister Abe entered office in late 2012. Such elements have sought to promote patriotism and to whitewash the atrocities committed by Japanese troops in the 1930s and 1940s.

Generally speaking, the small group of conglomerates and major media organizations does not support a pluralistic landscape of opinions. Regional newspapers and TV stations do not play a serious competitive role. New competition emerges from interactive digital-media sources such as blogs, bulletin boards, e-magazines and social networks. Their use is spreading rapidly. In the longer run, the loss of public trust in the government and major media organizations may have intensified the move toward greater use of independent media channels, and thus towards more effective pluralism.

Japan’s Act on Access to Information Held by Administrative Organs came into effect in 2001, followed one year later by the Act on Access to Information Held by Independent Administrative Agencies. Basic rights to access government information are thus in place, although a number of issues remain. Various exemptions apply, as for instance with respect to information regarding specific individuals, national security issues or confidential business matters. Claims can be denied, and the head of the agency involved has considerable discretion. Appeals are possible, but only in court, which involves a very burdensome process.

In December 2013, the Diet passed a controversial State Secrets Law, under which ministries and major agencies have the power to designate government information as secret for up to 60 years. There are no independent oversight bodies controlling such designations. Whistleblowing can be punished by up to ten years in prison, and up to five years for those trying to obtain secrets. Critics argue that governments may be tempted to misuse the new law. The 3/11 catastrophes have already made it clear that, in situations deemed critical or uncomfortable, the government is willing to withhold relevant information.
Japan has no electronic freedom of information act, but in February 2013, the government created a so-called Open Data Idea Box, where citizens can propose and discuss ideas for the online release of government information. It remains to be seen how seriously the government will take such endeavors, however.

Citation:
Japan Times, Secrets for the making, Editorial, 19.10.2014,
http://www.japantimes.co.jp/opinion/2014/10/19/editorials/secrets-making/#.VFPwsMk-etE

Civil Rights and Political Liberties

Civil and human rights are guaranteed under the Japanese constitution. However, courts are often considered to be overly tolerant of alleged maltreatment by police, prosecutors or prison officials. LDP governments have made little effort to implement institutional reform on this issue. Critics have demanded – so far unsuccessfully – that independent agencies able to investigate claims of human rights abuse should be created. There is no national or Diet-level ombudsperson or committee tasked with reviewing complaints. Citizens have no legal ability to take their complaints to a supranational level, while many other countries have already signed the so-called Optional Protocols to the International Covenant on Civil and Political Rights.

Japan has been widely criticized for its harsh prison conditions, and for being one of the few advanced countries still to apply the death penalty. After a de facto moratorium in 2011, later governments, including the current LDP-Komeito coalition, resumed the practice.

Freedoms of speech and of the press, as well as the freedoms of assembly and association, are guaranteed under Article 21 of the constitution. Reported abuses have been quite rare, though it has often been claimed that the police and prosecutors are more lenient toward vocal right-wing groups than toward left-wing activists.

There is a growing concern that right-wing activism is increasing and that this might actually be supported by ruling politicians. Several senior LDP politicians have been linked to ultra-rightwing groups, for instance, by photos showing them with leaders of such groups. Some observers speak of a right-wing campaign involving so-called hate crimes. In autumn 2014, for instance, the author of the incriminated Asahi article on the Korean “comfort women
issue” (warranty forced prostitution) received severe threats, as did family members and the university that employs him on a temporary basis.

Citation:

Women still face some discrimination, particularly in the labor market. Women on average earn 27 percent less than their male colleagues - in no other OECD country except Korea is the wage differential higher. The country’s share of female parliamentarians - 8 percent before the 2014 elections - is very low by the standards of other advanced countries. Prime Minister Abe called women “Japan’s most underused resource” and the government has designated “womenomics” a key pillar of its “third arrow” reform program. Specific objectives have been set and several measures initiated, including measures in support of daycare and a review of the spousal tax deduction system. Given the undercurrent of sexism in Japanese society, it is an open question whether work culture infringements can be overcome. In addition, Abe called for 20% of all leadership positions nationwide to be filled by women by 2020. Currently, Japan is far away from reaching these targets as only 6.6% of managerial positions in close to 3,900 companies surveyed in FY 2013 were held by women. Respectively only 3% and less than 7% of all section-chief-and-above positions in the central and prefectural governments were held by women in 2013.

The three million descendants of the so-called burakumin, an outcast group during the feudal period, still face informal social discrimination, though it is difficult for the government to counter this. Korean and Chinese minorities with permanent resident status also face some social discrimination. Naturalization rules have been eased somewhat in recent years. Menial workers with foreign passports from the Philippines, the Middle East and elsewhere frequently complain of mistreatment and abuses.

Japan continues to have a rather serious human-trafficking problem with respect to menial labor and the sex trade, in some cases affecting underage individuals.

The treatment of refugees and asylum seekers is frequently the subject of criticism. Rejections of applications have become more frequent recently, despite rising global problems.

Citation:
Rule of Law

In their daily lives, citizens enjoy considerable predictability with respect to the workings of the law and regulations. Bureaucratic formalities can sometimes be burdensome, but also offer relative certainty. Nevertheless, regulations are often formulated in a way that gives considerable latitude to administrators. For instance, needy citizens have often found it difficult to obtain welfare aid from local-government authorities. Such discretionary scope is deeply entrenched in the Japanese administrative system, and offers both advantages and disadvantages associated with pragmatism. The judiciary has usually upheld the discretionary decisions of the executive. However, the events of 3/11 exposed the judicial system’s inability to protect the public from irresponsible regulation related to nuclear-power generation. Some observers fear that the same problems may ultimately emerge in other areas as well.

The idea of rule of law does not itself play a major role in Japan. Following strict principles without regard to changing circumstances and conditions would rather be seen as naïve and nonsensical. Rather, a balancing of societal interests is seen as demanding a pragmatic interpretation of law and regulation. Laws, in this generally held view, are supposed to serve the common good, and are not meant as immovable norms to which one blindly adheres.

Citation:

Judicial Review

Courts are formally independent of governmental, administrative or legislative interference in their day-to-day business. The organization of the judicial system and the appointment of judges are responsibilities of the Supreme Court, so the appointment and the behavior of Supreme Court justices are of ultimate importance. While some have lamented a lack of transparency in Supreme Court actions, the court has an incentive to avoid conflicts with the government, as these might endanger its independence in the long term. This implies that it tends to lean somewhat toward government positions so as to
avoid unwanted political attention. Perhaps supporting this reasoning, the Supreme Court engages only in concrete judicial review of specific cases, and does not perform a general review of laws or regulations. Some scholars say that a general judicial-review process could be justified by the constitution.

The lenient way in which courts have treated the risks associated with nuclear power, widely discussed after the 3/11 events, also fits this appraisal. However, several courts have recently taken a stiffer line against parliament, which failed to create a revised electoral system for the December 2012 lower-house elections as ordered by a March 2011 Supreme Court verdict.

In 2009, a lay judge system was introduced for serious criminal offences to better reflect the views of the population. In July 2014, the Supreme Court overturned the rulings of first and second instance courts, both involving lay judges, as the courts in question had not clearly explained why they chose to deviate from past sentencing standards. This has increased uncertainties about the lay judge system and its rulings, although repercussions on daily life seem limited.

Citation:

According to the constitution, Supreme Court justices are appointed by the Cabinet, or in the case of the chief justice, named by the Cabinet and appointed by the emperor. However, the actual process lacks transparency. Supreme Court justices are subject to a public vote in lower-house elections following their appointment, and to a second review after the passage of 10 years, if they have not retired in the meantime. These votes are of questionable value, as voters have little information enabling them to decide whether or not to approve a given justice’s performance. In response to the call for more transparency, the Supreme Court has put more information on justices and their track record of decisions on its website.

Corruption and bribery scandals have for decades frequently emerged in Japanese politics. These problems are deeply entrenched and are related to prevailing practices of representation and voter mobilization. Japanese politicians rely on local support networks to raise campaign funds and are expected to “deliver” to their constituencies and supporters in return. Scandals have involved politicians from most parties except for the few parties with genuine membership-based organizations (i.e., the Japanese Communist Party and the Komeito).
Financial or office-abuse scandals involving bureaucrats have, however, been quite rare in recent years. This may be a consequence of stricter accountability rules devised after a string of ethics-related scandals came to light in the late 1990s and early 2000s.

Following the 3/11 disasters, the public debate on regulatory failures with respect to the planning and execution of nuclear power projects supported a widely held view that, at least at the regional level, collusive networks between authorities and companies still prevail and can involve corruption and bribery.

According to Transparency International’s 2013 Corruption Perceptions Index, Japan ranks 18th out of 177, one position ahead of the US.
Governance

I. Executive Capacity

Strategic Capacity

After the failed attempts of the 2009 - 2012 DPJ-led coalitions to reform strategic planning in institutional terms, the LDP-led government elected in December 2012 formulated the goal of strengthening strategic capacity at the center. It revived the Council on Economic and Fiscal Policy, used by former Prime Minister Koizumi (2001 – 2006) as a key reform instrument. Moreover, a Headquarters for Japan’s Economic Revitalization was established within the Cabinet Secretariat. It further created an Industrial Competitiveness Council, reporting to the prime minister as well as a Regulatory Reform Council. Several reformers of the Koizumi era have reappeared, including former reform minister Heizo Takenaka at the Industrial Competitiveness Council. The Abe-led government tries to use the councils to develop new policy proposals, create a consensus among reform-minded circles (including beyond government) and take them into the public sphere. Given the slow progress of “third arrow” reforms, the eventual outcome seems not particularly compelling. Nonetheless, the councils have at least contributed in a constructive way to public discourse. For instance, it can already be considered a success that the Regulatory Reform Council in mid-2014 dared to publish suggestions on how to reform Japan Agricultural Cooperatives, the stronghold of farmers’ traditional interests.

The Japanese government is assisted by a large number of advisory councils, typically associated with particular ministries and agencies. These are usually composed of private-sector representatives, academics, journalists, former civil servants and trade unionists. The question is whether advisory boards do truly impact policymaking or whether the executive simply uses them to legitimize preconceived policy plans. The answer may well vary from case to case. The recent hand-picked, high-level “Advisory Panel on Reconstruction of the Legal Basis for Security,” whose final report in May 2014 helped to legitimate a reinterpretation of the constitution allowing for collective self-
defense, serves as an example for the latter. In other areas the current LDP-led government has to some degree relied on outside expertise in order to overcome opposition to policy changes and reform. Relevant moves include inviting Heizo Takenaka, former Prime Minister Koizumi’s leading reform advocate, to join the new Industrial Competitiveness Council and having Columbia University scholar Jeffrey Sachs provide economic policy advice to Prime Minister Abe. More generally, however, think tanks do not play a major role in Japan’s policymaking cycle.

Citation:

Interministerial Coordination

Under the central-government reform implemented by the Koizumi government in 2001, the role of lead institutions was considerably strengthened, particularly through a beefing-up of the Cabinet Secretariat (“Kantei”), which assists the prime minister, and through the introduction of cabinet-related councils, including the Council on Economic and Fiscal Policy. Later LDP- and DPJ-led governments have struggled with calibrating the relationship between central authority, the ministries and their bureaucracies, and the coalition parties (which follow their own political logics).

The Cabinet Secretariat grew to more than 800 employees with expertise in all major policy fields. They are usually temporarily staffed by their ministries. While they possess considerable expertise in their respective fields, it is dubious whether they can function well on issues where the institutional interests of their home organizations are concerned. Moreover, the system lacks adequate infrastructure to take care of wider coordination concerns (including public relations or contemporary methods of policy evaluation).

A recent development has been the establishment of a National Security Council in late 2013, which is supposed to function as a “control tower” in the area of security policy. The new entity, supported by a National Security Secretariat of around 70 staffers on loan from various ministries and think tanks, published Japan’s first National Security Strategy in December 2013 and helped to prepare other security-related government initiatives in 2014.

Citation:

Kensuke Takayasu, The Pressures of Change: The Office of Prime Minister in the United Kingdom and
Present guidelines for policy coordination make the Cabinet Secretariat the highest and final organ for policy coordination below the Cabinet itself. This has de jure enabled prime ministers to return items envisaged for Cabinet meetings on policy grounds. In reality this rarely happens, as items to reach the Cabinet stage are typically those on which consensus has previously been established. However, contentious policy issues can produce inter-coalition conflicts, even at the Cabinet level.

Formal input into law-making processes is provided by the Cabinet Legislation Bureau. This body’s official mandate is to support the correct legal framing of proposed laws, not to provide material evaluation. It is further weakened as an independent mechanism of Cabinet or prime minister-level supervision, as ministry representatives are seconded to the Bureau to provide sectoral competences, creating influences difficult to counter in the absence of independent expertise at the central level.

Specialized groupings often have and continue to be used to circumvent entrenched interests in the statutory coordination organs. A recent example following the December 2012 election was the establishment of the Headquarters for Japan’s Economic Revitalization under the umbrella of the Council on Economic and Fiscal Policy. This body is headed by the prime minister, consists of all state ministers and is administered by the Cabinet Secretariat. While its composition is thus quite similar to the Cabinet itself, it offers a much more direct tool for the prime minister.

In Japan, entities within the governing parties have traditionally played an important role in policymaking, providing an additional layer to the process. During the decades of the LDP’s postwar rule, the party’s own policymaking organ, the Policy (Affairs) Research Council (PARC) developed considerable influence, ultimately gaining the power to vet and approve policy proposals in all areas of government policy. While the GO/PMO level was also involved, for instance through a technical-legalistic supervision of proposed laws in the Cabinet Legislation Bureau, in a material sense the exchange between the ministries and PARC’s associated mirror divisions were more important.

This configuration was challenged once the DPJ gained power in 2009, but eventually the DPJ leadership backpedaled.

Under the new LDP-led government since December 2012, Prime Minister Abe has tried to make certain that he and his close confidants determine the
direction of major policy proposals. The “three arrows” program does indeed show the handwriting of the GO/PMO level, with the ministries either following this course or trying to drag their feet. During 2014, the various interests within the LDP again conspicuously raised their voices, but it is too early to judge whether this triangular structure has indeed entered a new phase of recalibration.

Following the government reform in 2001, government committees were established in a number of important fields in which coordination among ministries with de facto overlapping jurisdictions plays an important role. The most important is the Council for Economic and Fiscal Policy (CEFP), headed by the prime minister. However, in two respects, this was never a “ministerial committee” in a strict sense. First, it has only an advisory function. Second, individuals from the private sector – two academics and two business representatives in the current configuration – were included. This can increase the impact of such a council, but it also means that it stands somewhat aloof from concrete political processes.

Following the experiments of the DPJ-led governments (2009 - 2012) with creating new mechanisms, current Prime Minister Abe again strengthened the role of the CEFP and set up the Headquarters for Japan’s Economic Revitalization as a “quasi sub-committee” of the CEFP that encompasses all state ministers. While the Cabinet has to approve considerations developed in the CEFP or in the Headquarters, there is indeed a shift towards first discussing policy redirections in the committees, including a discussion of basic budget guidelines.

In the sphere of science and technology policy, the role of the Council for Science, Technology and Innovation has been strengthened even further, giving it budgetary primacy over related ministries, but it remains to be seen whether this move changes the substance of policymaking.

During the DPJ-led governments (2009 - 2012) a number of high-profile measures were introduced to lessen the influence of civil servants in policymaking. Following serious policy blunders, the DPJ later tried to establish a more constructive working relationship with the bureaucracy.

After the 2012 election, the new LDP-led government sent clear signals that it would like to work effectively with the bureaucracy. The collaboration between politicians and bureaucrats has since become less noisy. In May 2014, the government decided to launch a Cabinet Bureau of Personnel Affairs, which is designed to help the prime minister make decisions about appointing the top 600 elite bureaucrats to the ministries and other major agencies. This level is about three times the size of earlier Cabinet Secretariat involvement. It remains to be seen whether this will create tensions with the ministries, which
have traditionally chosen their own upper echelons. During the first ensuing round of reshuffles, more weight was given to promoting women as well as to inter-ministerial exchange.

Informal relations and related agreements are very common in Japan. Such interactions can facilitate coordination, but can also lead to collusion. In terms of institutionalized informal coordination mechanisms in the realm of policymaking, informal meetings and debates between the ministries and the ruling party’s policy-research departments have traditionally been very important. In many cases during the long-time rule of the LDP, the directors of the party’s policy-research divisions, which closely mirror the government’s ministry structure, may well have been as or even more powerful than the serving ministers.

With the LDP-led coalition government in power again since late 2012, informal, closed-door agreements on policy are again of considerable importance. The leadership has to skillfully navigate between the coalition partners, including the Komeito party and LDP (with its factions/groups and its Policy Research Council), line ministries and their bureaucrats, and a more inquisitive public. The position of the Chief Cabinet Secretary, in charge of the Cabinet Secretariat and with a strong role in personnel appointments, has become a key component of this approach. While the Cabinet has decided to keep minutes of its meetings and to make summaries publicly available, this lacks a binding legal basis and does not signal a comprehensive shift towards transparency.

**Evidence-based Instruments**

The basic framework for policy evaluation in Japan is the Government Policy Evaluations Act of 2001. In 2005, the system was considered to have been implemented fully.

The process is administered by the Ministry of Internal Affairs and Communications (Administrative Evaluation Bureau), while the ministries are charged with doing their own analyses, which has led some to question the impartiality of the procedure. However, a number of evaluations in strategically important fields have been undertaken by the Ministry of the Interior itself. In 2010, the ministry took over responsibility for policy evaluations of special measures concerning taxation as well as impact analyses of regulations dealing with competition issues.

The Ministry of Finance also performs a Budget Execution Review of selected issues, and the Board of Audit engages in financial audits of government accounts.
The fragmented nature of such assessments seems to indicate a potentially low level of reliability and effectiveness. Indeed, it is difficult to point to a major policy arena in which these endeavors have led to major improvements.

Citation:

According to the Basic Guidelines for Implementing Policy Evaluation, revised in March 2007, the necessity, efficiency and effectiveness of measures are to be the central considerations in evaluations. However, issues of equity and priority are also to be included. The structure and content of assessments are further clarified in the Policy Evaluation Implementation Guidelines of 2005 and the Implementation Guidelines for Ex-Ante Evaluation of Regulations of 2007; all of these specifications contain quite demanding tasks that must be performed as a part of the evaluations.

Since 2010, for example, it has been obligatory for any ministry considering a tax measure to present an ex-ante evaluation. If the measure is in fact introduced, it must subsequently be followed by an ex-post examination.

According to the 2001 Government Policy Evaluation Act, policy effects have to be evaluated in terms of the three criteria of necessity, efficiency, and effectiveness. These terms are somewhat flexible and do not necessarily encompass sustainability concerns. Indeed, actual evaluations apply the three guiding principles only in a somewhat loose way. Reviews cover both pre-project as well as post-project evaluations.

Citation:

Societal Consultation

LDP-led governments have traditionally engaged in societal consultation through the so-called iron triangle, which refers to the dense links between parliamentarians, the ministerial bureaucracy, and large companies. However, these mechanisms tended to exclude other societal actors, including the trade union movement and the small and medium-sized enterprise sector. With the onset of economic problems in the 1990s, tensions within this triangle increased, and relations over time became strained enough to indicate the effective demise of the iron triangle system, at least on the national level.
Under the DPJ-led administrations (2009 – 2012), government relations with the trade-union sector gained more prominence for some time. This episode, not entirely smooth, ended, however, when the LDP joined forces with the Komeito to form a new government in 2012. As the Buddhist lay association Soka Gakkai provides the bulk of support for Komeito, it gained some influence on policy matters that relate to the organization’s interests. This became evident during an ongoing row over constitutional reform. The LDP is in favor of this reform, while Soka Gakkai and Komeito have a pacifist background and try to slow down any major initiative.

It is frequently argued that business has considerable influence on government decision-making in Japan, recently for example with respect to whether Japan should join negotiations for a trans-Pacific free-trade zone. Substantiating such claims is difficult, as there are no clear rules governing lobbying. This makes the channels of influence very difficult to trace.

Citation:

Policy Communication

Policy communication has always been a priority for Japanese governments. Ministries and other governmental agencies have long taken pains to publish regular reports, often called white papers, as well as other materials on their work.

Recent discussion of Japanese government communication has been dominated by the triple disaster of March 2011, in particular by the lack of transparency and failure to deliver timely public information about the radiation risks of the nuclear accident. This experience may have seriously undermined citizen trust in the government, and its long-run consequences remain difficult to ascertain.

The LDP-led coalition started into 2013 with a massive and – during its first months – highly successful public-relations campaign in support of its policy agenda, particularly its “three arrows” reform agenda. This included the carefully planned timing of announcements, trips and interviews; resulting in high approval ratings. Already in 2013, however, the government started to lose touch with public opinion, particularly with respect to the heavily criticized State Secrets Act. Later on, the stronger than expected negative effects of the value-added tax increase and low wage increases further
contradicted earlier government claims. Large segments of the public were also skeptical of Prime Minister’s Abe claim that the government needed a new mandate for its “Abenomics” program and for the postponement of a planned further increase of the value-added tax. In the absence of convincing alternatives, voters nevertheless confirmed the ruling coalition in the December 2014 general elections.

Citation:

Implementation

The LDP-led government that took up office in late 2012 achieved a remarkable economic policy success during its first months in office through the initiation of an extremely loose monetary policy and expansionary fiscal policy. With respect to the “third arrow” of the reform program, growth-oriented measures including institutional reform, it was far less successful and popular disenchantment grew in 2014. Although the government did implement several of its revitalization proposals, including the controversial increase of the value added tax in April 2014, and although the mid-2014 revision of the mid-2013 revitalization program was indeed considerably richer in content, in several important high-impact fields there is still too little progress, including in terms of labor market and agricultural reform.

With respect to the second major objective, constitutional reform, the Cabinet announced in July 2014 a reinterpretation of Article 9 (the “peace clause”) of the constitution, which will allow Japan to engage in collective self-defense (i.e., militarily supporting allies under attack). In that respect, the government has made progress with its agenda, while circumventing opposition to more formal legal or constitutional changes. At the same time, the government was not able to convince Japan’s neighbors of the purely defensive character of its security-related agenda. Therefore, the opportunity cost in terms of strained regional foreign relations is quite considerable.

Citation:

Japan’s political framework formally provides the prime minister with powerful tools to control ministers. Prime ministers can appoint and fire ministers at will. Moreover, prime ministers can themselves propose or veto specific sectoral policies if desired. In practice, however, prime ministerial
options have been more limited, as most have lacked full control over their own parties or over the powerful and entrenched bureaucracy.

Both the preceding DPJ-led governments and the current LDP-led government have sought to centralize policy-making within the core executive.

The Abe government is again trying to enforce cabinet discipline. Some measures have been institutional, such as giving new weight to the Council for Economic and Fiscal Policy, which is basically a cabinet committee with extra members in which the prime minister and his state minister for economic reform have a stronger voice than is the case in the Cabinet. Other measures include a stronger role in top-level personnel decisions, enforced by the chief cabinet secretary, and by the formal introduction of the Cabinet Bureau of Personnel Affairs in mid-2014.

Generally speaking, the Cabinet Secretariat (Kantei), which was upgraded over a decade ago, offers a means of monitoring ministry activities. In recent years, its personnel has been expanded, improving its monitoring capacity. However, it de facto lacks the ability to survey all activities at all times, and at least some recent prime ministers and their chief cabinet secretaries have lacked the power to use this apparatus more decisively. Using the Kantei effectively has also been hindered by the fact that the ministries send specialists from their own staff to the Secretariat.

Japanese ministries are traditionally run by civil servants that work within that ministry for their whole career. Government agencies that belong to a specific ministry’s sectoral area are thus also directed by civil servants delegated from that ministry, who may return to it after a number of years. From that perspective, control of executive agencies below the ministerial level can be quite effective. This mechanism is supported by budget allocations and peer networks.

In 2001, so-called independent administrative agencies were established, following new public management recommendations for improving the execution of well-defined policy goals by making them the responsibility of professionally managed quasi-governmental organizations. Such independent agencies are overseen by evaluation mechanisms similar to those discussed in the section on regulatory impact assessment (RIA), based on modified legislation. In recent years, voices skeptical of this arrangement have gained ground, because the effectiveness of this independent-agency mechanism has been hindered to some extent by the network effects created by close agency-ministry staffing links. In addition, the administrators in charge have typically originated from the civil service, and thus have not possessed a managerial mindset.
Local governments – prefectures and municipalities – strongly depend on the central government. Local taxes account for less than half of local revenues and the system of vertical fiscal transfers is fairly complicated. Local governments can follow their own policies to only a limited extent, as they are generally required to execute policies passed at the central level, although in recent years this burden has been eased somewhat due to administrative reform measures. More recently, pressure to reduce expenditures has further increased, as local budgets are responsible for a considerable proportion of the rising costs associated with the aging population, as well as social-policy expenses related to the growing income disparities and poverty rates. Moreover, tax revenues were disappointingly low during the period under review.

Japanese authorities are well aware of these issues. Past countermeasures have included a merger of municipalities designed to create economies of scale, thus necessitating lower expenditures for personnel and public investment. In addition, the LDP and others have contemplated a reorganization of Japan’s prefectural system into larger regional entities (doshu). Such a reform is highly controversial, however, and although it was publicly debated around the time of the 2012 general election, the LDP has not pushed the idea since. In June 2014, the government announced a new set of special economic zones (tokku), in which national regulations are eased and which could serve as a field experiment for an improved division of power between the center and the regions. Many observers doubt whether the approach taken is bold enough.

Citation:

The Japanese constitution guarantees local-government autonomy. However, articles 92 to 95 of Chapter VIII, which discuss local self-government, are very short and lack specifics. The central state makes its power felt through three mechanisms in particular: control over vertical fiscal transfers, the delegation of functions that local entities are required to execute, and personnel relations between local entities and the central ministry in charge of local autonomy. Moreover, co-financing schemes for public works provide incentives to follow central-government policies.

Over the course of the last decade, there have been a growing number of initiatives aimed at strengthening local autonomy. One major reform proposal envisions the establishment of regional blocks above the prefectural level, and giving these bodies far-reaching autonomy on internal matters (doshu system). Both the LDP and its junior ally, the Komeito, took up this proposal in their 2012 election platforms, but their ability and willingness to realize this
A controversial idea remains doubtful. After Toru Hashimoto, a strong proponent of regional empowerment and current mayor of Osaka City, substantially lost popular support in 2013, incentives for the ruling parties to embrace issues of regionalization declined.

Japanese government authorities put great emphasis on the existence of reasonable unitary standards for the provision of public services. The move toward decentralization makes it particularly important to raise standards for the local provision of public services. On the central government level, the Ministry of Internal Affairs and Communications is in charge of this task, which involves direct supervision, personnel transfer between central and local entities, and training activities. While, as a result of a 2000 reform that abolished local entities’ agency functions in a strict sense (direct administrative supervision has lost some importance compared to legal and judicial supervision) other channels remained important during the period under review. At the local and particularly at the prefectural level, there is a rather elaborate training system that is linked in various ways with national-level standards.

**Adaptability**

Japan’s reform processes are usually driven by domestic developments and interests, but international models or perceived best practices do play a role at times. Actors interested in reform have frequently appealed to international standards and trends to support their position. However, in many cases it is doubtful whether substantial reform is truly enacted or whether Japan follows international standards in a formal sense only, with underlying informal institutional mechanisms changing much more slowly.

In recent years, Japan has been actively involved in the G-20 mechanism designed to meet the challenges of global financial turmoil. As its contribution to the multilateral effort, Japan implemented an economic stimulus program of considerable size. Nevertheless, Japan is less visible in international or global settings than might be expected in view of its substantial global economic role. Frequent changes of prime ministers and other ministers have contributed to Japan’s comparatively low profile. Since Shinzo Abe’s second term as prime minister, which started in late 2012, there is some more continuity and international visibility, though not in terms of spearheading multilateral initiatives.

The Japanese constitution makes it difficult for Japan to engage in international missions that include the use of force, although it can legally contribute funds. In June 2014, the government announced a reinterpretation of Article 9 of the constitution, according to which defending allies under attack is compatible with the “peace clause.” This move was preceded by the
nation’s first National Security Strategy in December 2013, which defines a principle of “proactive contribution to peace,” combined with new National Defense Program Guidelines. Moreover, Japan and the United States are engaged in overhauling the Mutual Defense Guidelines, which will pave the way for deeper cooperation and which are expected to emphasize the global nature of the bilateral alliance.

Japan has actively supported and contributed to regional Asia-Pacific initiatives. Plans for regional financial cooperation such as the Chiang Mai Initiative (CMI) have gathered momentum in recent years and have been quite markedly shaped by Japanese proposals. More recently, China has emerged as another increasingly influential actor shaping regional initiatives.

In global environmental efforts, particularly in the post-Kyoto Protocol negotiations, Japan has not played a leading role.

Citation:


Organizational Reform

Governmental institutional reform has been a major topic of consideration and debate in Japanese politics for more than a decade. The DPJ-led governments of 2010 to 2012 drew lessons from the perceived failures of institutional reforms enacted under the first DPJ Prime Minister Hatoyama (2009/10) and again introduced quite significant changes. The subsequent LDP-led government under Abe (from 2012) has also tried to readjust institutional arrangements by establishing and/or reinvigorating a number of councils and committees. To some extent, the Abe government tries to reinstitutionalize the strong leadership-framework of the years under Prime Minister Koizumi (2001-2006), for instance through a strong Cabinet Secretariat. Subsequent cabinets in recent years have thus given considerable and recurring thought to institutional (re-)arrangements.

The failed DPJ-led reform initiatives demonstrated the difficulties of trying to transplant elements from another political system (in this case, Westminster-style Cabinet-centered policymaking) into a political environment with long-established independent traditions. During its first months in office, the Abe-led government was quite successful in pushing parts of its policy agenda through parliament. It is open to debate whether the centralization of power at the cabinet-level was the most important factor or whether the strong majority
in both houses of parliament was at least as influential. More recent problems to move the economic reform agenda decisively forward seem to suggest, however, that the Abe-led government also cannot easily overcome stumbling blocks that originate from inbuilt traditions. In the area of security policy, the Abe government brought about a major institutional change by establishing in late 2013 a National Security Council, supported by a 70 employee-strong secretariat, which has since unfolded an array of relevant initiatives.

II. Executive Accountability

Citizens’ Participatory Competence

There is a substantial amount of information about policies and policymaking available in Japan. For instance, ministries regularly publish so-called white papers, which explain the current conditions, challenges and policies being implemented in certain policy areas in great detail.

However, while there is plenty of official government information, this does not necessarily mean that citizens feel satisfied or consider the information trustworthy. A 2007 survey found that no more than a respective 38% and 37% consider NHK and newspapers as reliable sources of information. Since then, the 3/11 disasters and their consequences have significantly increased public doubts about the reliability of policy information provided by the government.

Legislative Actors’ Resources

Parliamentarians in Japan do not have the means to independently assess policy proposals. Every MP can employ three public secretaries, who are paid through an annual fund totaling JPY 20 million (about €140,000 in November 2014), and who are primarily used for the purposes of representation at home and in Tokyo. The lower house has a Legislative Bureau tasked with supporting parliamentarians in their legislative work, but the total staff size of about 80 individuals is far too small to cover all relevant policy fields competently. The National Diet Library is the country’s premier library, with support of parliament among its primary objectives. However, its role is quite limited beyond responding to general information queries, offering seminars, and other general tasks.
Recent debate on parliamentary reform has focused on reducing the number of seats (for financial and other reasons). Providing legislative actors with additional resources is unlikely to be on the agenda anytime soon, as the political system is designed to have bills drafted elsewhere.

Government documents can be obtained at the discretion of legislative committees. There are typically no problems in obtaining such papers in a timely manner. As the internal culture of committees varies, depending for instance on the personality of the chairperson, the actual utilization of this right differs among committees.

Committees may request the attendance of ministers and lower-ranking top ministry personnel, such as senior vice-ministers, among others.

Under Article 62 of the constitution, the Diet and its committees can summon witnesses, including experts. Summoned witnesses have the duty to appear before parliament. The opposition can also ask for witnesses to be called, and under normal circumstances such requests are granted by the government. However, the use of expert testimony in parliamentary committees is not widespread; experts, academic and otherwise, are relied upon more frequently within the context of government advisory committees, in particular at the ministry level.

The Diet’s standing committees (17 in both the lower and upper houses) closely correspond to the sectoral responsibility of the government’s major ministries. Indeed, the areas of committee jurisdiction are defined in this manner. The portfolios of the ministers of state cover special task areas and are in some cases mirrored by special committees (e.g., on consumer affairs, Okinawa and Northern Territories, etc.). Special committees can and have been set up to deal with current (or recurring) issues; for example, following the 3/11 disasters, special committees on Reconstruction after the Great East Japan Earthquake and on Investigation of Nuclear Power Issues were established.

The Board of Audit of Japan is considered to be independent of the executive, the legislature and the judiciary system. It submits yearly reports to the Cabinet, which are forwarded to the Diet along with the Cabinet’s own financial statements. The board is free to direct its own activities, but parliament can request audits on special topics. Since 2005, the board has been able to forward opinions and recommendations in between its regular yearly audit reports.
In October 2013, the board revealed that a significant quantity of funds earmarked for the reconstruction of the devastated areas of northeastern Japan, namely 1.3 trillion yen (ca. 9.1 bn Euro in November 2014) or 11% of the budget already used, had been misspent, fulfilling its independent watchdog function in this high-profile case.

Citation: Asahi Shimbun, Audit Board: 1.3 trillion yen in post-quake recovery funds diverted elsewhere, 01.11.2013, http://ajw.asahi.com/article/0311disaster/recovery/AJ201311100069

While there is no national-level ombuds office as such, the two houses of parliament handle petitions received through their committees on audit and administrative oversight. Citizens and organized groups also frequently deliver petitions to individual parliamentarians.

Another important petition mechanism is located in the Administrative Evaluation Bureau of the Ministry of Internal Affairs and Communications. This body serves as Japan’s representative in the Asian Ombudsman Association. The bureau runs an administrative counseling service with some 50 local field offices that can handle public complaints, as can some 220 civil servants engaged in administrative counseling. In addition, about 5,000 volunteer administrative counselors serve as go-betweens.

Citation: Asian Ombudsman Association: AOA Fact Sheet - Administrative Evaluation Bureau, Japan, from: http://asianombudsman.com/index.php?option=com_content&view=article&id=133&Itemid=199&lang=en

NHK, the public broadcaster, provides ample and in-depth information on policy issues. It had a near-monopoly in this role until the 1970s. Since that time, major private broadcasting networks have also moved into this field, while trying to make the provision of information entertaining. NHK also operates a news- and speech-based radio program (Radio 1). The widely read major national newspapers also provide information in a sober manner and style. However, because of their dense personal links with political figures, which finds its institutionalized expression in the journalist club system, these newspapers rarely expose major scandals. Nonetheless, their editorializing can be quite critical of government policy. Investigative journalism is typically confined to weekly or monthly publications. While some of these are of high quality, others are more sensationalist in character.
The 3/11 disaster undermined public trust in leading media organizations, while spotlighting the emerging role played by new social media such as Twitter, Facebook and YouTube. According to the 2012 Edelman Trust Barometer, trust in the Japanese media declined in 2012 from 54% to 33% in a single year. In 2013 and 2014, personnel changes at NHK, which put in place a leadership that openly declared its intention to steer a pro-government course, and a reporting scandal involving the liberal Asahi newspaper had the effect of further reducing faith in some major media channels.

Citation:

Parties and Interest Associations

Generally speaking, parties in Japan are fairly insider-oriented, with policy and personnel decisions driven by leading politicians and their clientelistic networks. One symptom of this is the high number of “hereditary seats” in parliament, which have been held by members of the same family for generations. The current LDP prime minister, Shinzo Abe, is among those who “inherited” his seat, in his case from his deceased father Shintaro Abe, who was also a leading LDP-politician.

Japan’s two major parties are the LDP and the currently far weaker DPJ. The LDP has traditionally revolved around individual politicians, their personal local-support organizations and the intraparty factions that divide lawmakers (although the importance of factionalism has declined since the 1990s). Ordinary party-member involvement is usually limited to membership in a local support organization and is based on mutual material interests: While members want political and hopefully tangible support for their communities, the politician at the group’s head wants public support for his or her (re-)election. Even party congresses offer little real opportunity for policy input by delegates. However, delegates from regional party branches have taken part in selecting party leaders since the early 2000s, with some branches basing their eventual choice on the outcome of local primaries. While the LDP has also paid some lip service to increased intraparty democracy, it has shied away from major internal reforms aimed at making the party more open and inclusive.

The DPJ is somewhat less institutionalized in terms of internal groupings and support organizations, but basically follows a similar pattern. It has experimented with open calls for recruiting parliamentary candidates (with the
LDP having recently followed suit in cases where there is no incumbent or designated candidate). The DPJ has also allowed party members and other registered supporters to take part in a few leadership elections over the years. In its 2009 election manifesto, the DPJ called for the abolition of hereditary seats, but the party’s programmatic and personnel decisions are still controlled by insider circles.

Japan’s leading business and labor organizations regularly prepare topical policy proposals aimed at stirring public debate and influencing government policymaking. The three umbrella business federations – Keidanren (formerly Nippon Keidanren), the Japan Association of Corporate Executives (Doyukai), and the Japanese Chamber of Industry and Commerce (Nissho) – as well as Rengo, the leading trade-union federation, make their impact felt not only by publishing policy papers, but also through their membership in government advisory committees. As the business sector’s financial support of political parties has declined, politicians may have become less willing to accommodate the views of these interest groups. While there is an obvious scramble for influence between Rengo and the business organizations, there is also growing competition among the business organizations themselves. For instance, Keidanren is dominated by large enterprise groups, and has been somewhat slow in demanding a further opening of the economy. The Doyukai is more characterized by strong independent companies, and has been outspoken in demanding a more open business environment.

Civil-society organizations with a public-policy focus are rare in Japan. Until 1998, it was very difficult to find such an organization and ensure a steady flow of membership contributions and/or donations. The Non-Profit Organization Law of 1998 made the incorporation of such bodies easier but many bureaucratic and financial challenges remain. With a few sectoral exceptions, the depth and breadth of such organizations in Japan thus remains limited. Japan also lacks a well-developed think-tank scene. It should also be noted that some non-profit organizations are used by the government bureaucracy as auxiliary mechanisms in areas where it cannot or does not want to become directly involved.

The incompetence of many state actors during the immediate aftermath of the 3/11 disasters has led to renewed calls for the development of civil-society mechanisms. High levels of engagement on the part of activists notwithstanding, it will be difficult for such actors to create professionally operating, sustainable organizations.

Citation:
This country report is part of the Sustainable Governance Indicators 2015 project.

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